

Auditor-Controller

Katherine Martinis, Auditor-Controller

MISSION STATEMENT

To maintain the financial integrity of the County by providing county departments, special districts, and the citizens of Placer County with clear, accurate and responsive financial services and by providing an environment that promotes the safeguarding of county assets.

Appropriation	Actual 2003-04	Position Allocations	BOS Adopted 2004-05	Position Allocations
Auditor-Controller	\$ 3,102,003	44	\$ 3,758,407	44
Debt Service	2,023,339	0	2,055,695	0
Total:	\$ 5,125,342	44	\$ 5,814,102	44

CORE FUNCTIONS

Auditor-Controller

To enhance the public's trust by acting as guardian of funds administered for the County, cities, schools and special districts, and provide an independent source of financial information and analysis.

Debt Service

To provide funding for repayment of long-term lease payment obligations, as well as the associated costs for the administering trustee bank and for required annual disclosure statements.

FY 2003-04 Major Accomplishments

- Worked with the Treasury, Assessor, Health and Human Services, Sheriff, County Executive, and Administrative Services to implement a new classification structure that tracks current and year-to-date costs in support of the Governing for Results Initiative.
- Developed financial reports to measure the Governing for Results Initiative.
- Earned the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for the Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2002.
- Prepared timely, and with in-house staff, the CAFR for the fiscal year ended June 30, 2003.
- Published the CAFR and Final Budget on the County's web page.
- Internal Audit Unit recovered \$102,000 in overpaid general liability costs.
- General governmental accounting training developed and presented to county departments.
- Developed and presented accounting process training (Performance Accounting) to other county departments on accounts payable, cost plan, contract management, journal preparation and project billing.

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FY 2004-05 Planned Accomplishments

- Continue to work with departments and the County Executive Office to develop the new classification structure to enhance cost tracking practices in support of the Governing for Results Initiative.
- Distribute financial reports countywide to departments in support of the Governing for Results Initiative.
- Earn the Certificate of Achievement for Excellence in Financial Reporting for the CAFR for the fiscal year ended June 30, 2003.
- Develop and refine new work processes to ensure effective operations following implementation of the Automated County Online Resource Network (ACORN) system.
- Internal Audits will reduce liabilities, protect resources and enhance revenues while working with departments to find operational efficiencies.
- Develop and publish a comprehensive financial accounting manual.
- Continue in-house and timely preparation and publication of the CAFR for the fiscal year ended June 30, 2004.

Department Comments

Once again, this office is proud to have been awarded the GFOA Certificate of Achievement for the second year in a row. While this is a major achievement, we will not be satisfied with the one accomplishment, but will continue to respond to our customers to provide quality service while transitioning to new systems and processes with fewer resources and staff.

This year, we expect to implement a new payroll system, providing state of the art payroll information and offering self-service capabilities to staff. The Internal Audits Unit will be fully operational, performing countywide reviews and assessments of the internal-control structure to identify and maximize county revenues and strengthen fiscal operations.

This year, we also expect to continue to develop and report the new classification structure for the Governing for Results Initiative to departments, while training departments on the many components of the County accounting systems in Performance Accounting and PeopleSoft.

County Executive Comments And Recommendations

The Auditor-Controller salaries and benefits have increased due to standard merit and benefit increases. The department has minimized the impact of these increases by under filling the senior administrative services officer position with a trainee and by reducing the budget in other areas. One account clerk position has been replaced by a managing accountant auditor for Internal Audits. This position is expected to generate revenue and produce savings for the County by reviewing and improving some of the accounting processes and internal controls.

The Auditor-Controller receives revenues for services, tax administration, and reimbursements from the Countywide Systems Fund for payroll-system maintenance. The State of California has indicated that payment to local governments for state mandate claims (SB-90) will be deferred (\$6,090), and while the County will invoice the state for these activities we do not expect to receive those funds in FY 2004-05. New revenue has been included for the collection of fees required by SB1049, the Statewide Fire Assessment Fee (\$35,000).

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Final Budget Changes from the Proposed Budget

The *Auditor-Controller's* budget increased \$59,474 to restore 8 months of funding for an accounting technician and an account clerk entry/journey. Funding was also restored for computer replacements (\$30,000) and a high-speed printer (\$7,000). Revenue estimates have been reduced due to the repeal of SB 1049, the parcel tax intended to fund State fire services (\$35,000). Position allocation changes: delete 1 account clerk entry/journey and 1 senior accountant auditor, and add 1 managing accountant auditor and 1 senior accountant auditor confidential.

Carryover fund balance in the *Debt Services Fund* has been placed in a reserve account, Reserve for Future Occurrence (\$695,041).

AUDITOR-CONTROLLER FUND 100 / 10250

	Actual 2002-03	Actual 2003-04	Requested 2004-05	Recommended 2004-05	Change %	Adopted 2004-05
Expenditures						
Salaries and Employee Benefits	\$ 2,514,154	\$ 2,891,984	\$ 3,386,523	\$ 3,436,595	19%	\$ 3,496,069
Services and Supplies	370,999	340,706	372,778	333,628	-2%	363,628
Capital Assets	-	-	-	-	0%	7,000
Intra Fund Charges	2,968	3,582	6,710	6,710	87%	6,710
Gross Budget:	<u>2,888,121</u>	<u>3,236,272</u>	<u>3,766,011</u>	<u>3,776,933</u>	17%	<u>3,873,407</u>
Intra Fund Credits	(113,547)	(134,269)	(119,550)	(115,000)	-14%	(115,000)
Appropriations for Contingencies	-	-	-	-	0%	-
Net Budget:	<u>\$ 2,774,574</u>	<u>\$ 3,102,003</u>	<u>\$ 3,646,461</u>	<u>\$ 3,661,933</u>	18%	<u>\$ 3,758,407</u>
Revenue						
Fines, Forfeits and Penalties	\$ 1,810	\$ -	\$ -	\$ -	0%	\$ -
Revenue from Use of Money and Property	1,118	474	500	500	5%	500
Intergovernmental Revenue	48,071	-	45,000	35,000	100%	-
Charges for Services	728,551	884,584	908,600	918,000	4%	918,000
Miscellaneous Revenue	86	-	-	-	0%	-
Other Financing Sources	36,566	-	40,000	80,000	100%	80,000
Total Revenue:	<u>816,202</u>	<u>885,058</u>	<u>994,100</u>	<u>1,033,500</u>	17%	<u>998,500</u>
Net County Cost:	<u>\$ 1,958,372</u>	<u>\$ 2,216,945</u>	<u>\$ 2,652,361</u>	<u>\$ 2,628,433</u>	19%	<u>\$ 2,759,907</u>
Allocated Positions	44	44	44	44	0%	44

CORE FUNCTION: AUDITOR-CONTROLLER

Accounts Payable Program

Program Purpose: To pre-audit all claims for payments submitted by county departments and to process payments for special districts to ensure that county bills are paid on time and accurately.

Total Expenditures: \$828,522

Total Staffing: 15.0

- **Key Intended Outcome:** Accurate and timely payment of county obligations.

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Accounts Payable Indicators:	Actual 2002-03	Actual 2003-04	Target 2004-05
# of vendor payments issued	65,000	64,215	74,000
\$ cost per vendor payment issued	\$10.38	\$9.28	\$11.12
#/% of vendor payments reissued due to error	50 / 0.0007%	122 / 0.0019%	0 / 0%
#/% of 1099 reissued due to error	0 / 0%	0 / 0%	0 / 0%

Program Comments: To disclose cost to produce payable warrants. Costs reflect process of vendoring, payable document processing, wire transfers, imaging, scanning, printing, stuffing, distribution and reconciliation.

Financial Reporting Program

Program Purpose: To maintain accounting records for the County and those districts that keeps funds in the County treasury and to prepare various reports for the public, Board of Supervisors and county departments in order to provide assurance that the financial position is presented fairly and accurately.

Total Expenditures: \$1,054,483

Total Staffing: 7.5

- **Key Intended Outcome:** Fair and accurate presentation of financial information.

Financial Reporting Indicators:	Actual 2002-03	Actual 2003-04	Target 2004-05
# of audit findings	0	2	0
Clean audit opinion of the CAFR from the external audit team	Yes	Yes	Yes
Receipt of the GFOA Certificate of Achievement Award	Yes	Yes	Yes

Program Comments: To improve the quality and accessibility of the County's financial information for the public.

Internal Audits Program

Program Purpose: To conduct independent audits, reviews and analyses to assist county management to improve efficiency and effectiveness of programs and functions, to safeguard county assets, and to meet financial reporting requirements.

Total Expenditures: \$301,282

Total Staffing: 3.5

- **Key Intended Outcome:** Ensure compliance with policies and procedures and to minimize losses from fraud or misappropriation.

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Internal Audits Indicators:	Actual 2002-03	Actual 2003-04	Target 2004-05
# of audits performed	2	4	7
# of internal control deficiencies identified	17	5	7
# of internal control deficiencies corrected	4	4	7
\$ cost savings/revenue enhancements identified	\$17,030	\$102,000	\$150,000

Program Comments: Maximize county revenues and strengthen fiscal operation to generate increases in resources with implementation of audit recommendations. Conduct operation, management and financial audits to help departments identify cost effective and/or efficient business strategies as well as the conservation of tax dollars.

Payroll Services Program

Program Purpose: To provide timely and accurate preparation, distribution and reporting of payroll to county departments and special districts in order to ensure accurate paychecks and compliance with reporting requirements.

Total Expenditures: \$1,167,463

Total Staffing: 12.0

- **Key Intended Outcome:** Accurate paychecks and compliance with state and federal reporting requirements.

Payroll Services Indicators:	Actual 2002-03	Actual 2003-04	Target 2004-05
#/% of W2s reissued due to errors	0 / 0%	2 / 0%	0 / 0%
#/% of payroll check re-issued due to errors	0 / 0%	0 / 0%	0 / 0%
# of payroll checks issued	78,181	76,582	78,000
\$ cost per payroll check issued	\$8.20	\$15.65	\$14.87

Program Comments: To disclose costs to produce payroll warrants. Costs per warrant reflect the costs of implementing the new payroll system. Costs per warrant should decrease over time as the new system becomes fully operational.

Property Tax Services Program

Program Purpose: To calculate property-tax rate and process changes to the property-tax roll in order to accurately apportion and distribute property-tax revenue to the County, cities, schools and special districts.

Total Expenditures: \$414,261

Total Staffing: 6.0

- **Key Intended Outcome:** Property tax is distributed accurately and on time.

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Property Tax Services Indicators:	Actual 2002-03	Actual 2003-04	Target 2004-05
# of entities receiving tax distribution	330	331	330
% distributed within statutorily mandated time frames	100%	100%	100%
% of taxes distributed without error	99%	100%	100%

Program Comments: Indicators reflect entities and distribution basis for taxes in accordance with Senate & Assembly bills, debt service accounting, taxing entities, and 1915 Act Bonds.

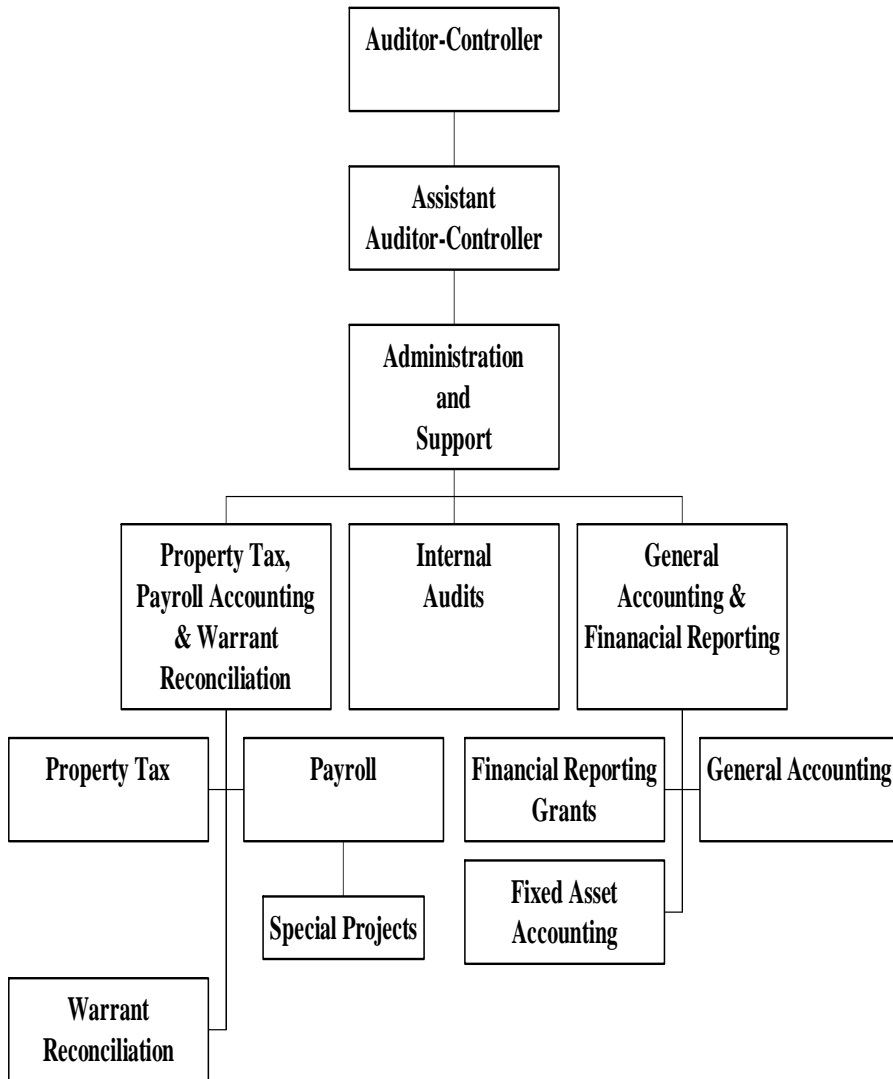
DEBT SERVICE FUND 190 / APPROPRIATION 89360

	Actual 2002-03	Actual 2003-04	Requested 2004-05	Recommended 2004-05	Change %	Adopted 2004-05
Expenditures						
Services and Supplies	\$ 16,987	\$ 8,880	\$ 12,920	\$ 12,920	45%	\$ 12,920
Other Charges	2,009,968	2,009,554	2,035,000	2,035,000	1%	2,035,000
Intra Fund Charges	-	4,905	7,775	7,775	59%	7,775
Gross Budget:	<u>2,026,955</u>	<u>2,023,339</u>	<u>2,055,695</u>	<u>2,055,695</u>	2%	<u>2,055,695</u>
Intra Fund Credits	(866,361)	-	-	-	0%	-
Net Budget:	<u>\$ 1,160,594</u>	<u>\$ 2,023,339</u>	<u>\$ 2,055,695</u>	<u>\$ 2,055,695</u>	2%	<u>\$ 2,055,695</u>
Revenue						
Revenue from Use of Money and Property	\$ 142,980	\$ 106,257	\$ 126,582	\$ 126,582	19%	\$ 126,582
Other Financing Sources	1,075,555	1,871,576	1,929,113	1,929,113	3%	1,929,113
Total Revenue:	<u>1,218,535</u>	<u>1,977,833</u>	<u>2,055,695</u>	<u>2,055,695</u>	4%	<u>2,055,695</u>
Net County Cost:	<u>\$ (57,941)</u>	<u>\$ 45,506</u>	<u>\$ -</u>	<u>\$ -</u>	-100%	<u>\$ -</u>
Allocated Positions	-	-	-	-	0%	-

In 1994, Placer County borrowed \$4.58 million from the North Lake Tahoe Financing Authority through a lease-purchase agreement financed by certificates of participation, for the construction of a new jail kitchen and certain energy-conservation improvements. In February 1997, the County borrowed an additional \$15 million from the North Lake Tahoe Financing Authority to construct a new Administrative and Emergency Services Building. Both borrowings were for 27½ years, with October 1, 2021 the final repayment date for the jail kitchen and June 1, 2024 for the administrative building. In May 1998, the County borrowed \$13.2 million to construct the new Juvenile Detention Facility and refinanced the 1994 jail kitchen due to lower interest rates, with retirement of the 1994 issue. The Juvenile Hall portion of the new borrowing was for 27 years with the final payment due July 2025.

Placer County has no outstanding general-obligation bonded debt. Certificates of Participation (COPs) funded the debt issues referenced above, which were used to construct the three county facilities indicated. COPs are lease-purchase financings, which use a third party nonprofit or governmental entity (the North Lake Tahoe Financing Authority, in the subject financings) as the lessor. Unlike general obligation debt, property taxes are not increased to pay the principal and interest on COPs. Instead, the lease principal and interest are paid through use of the ongoing, regular revenues of the issuer and/or with special revenues, such as certain trust funds, that may be used for capital outlay. COPs are also different from revenue bonds. Revenue bonds typically finance utility-type facilities or infrastructure, such as a water-or sewage-treatment facility, and are typically repaid from pledged revenues from services, such as water or sewer fees. The County has issued revenue bonds for the Eastern Regional Landfill, the repayment of which is funded from various landfill and related revenues in that budget (02890). In addition, the County has issued certain conduit and special assessment debt, which is secured directly by the underlying land and improvements.

OFFICE OF THE AUDITOR-CONTROLLER



POSITIONS: 44

Auditor-Controller

General Fund

Fund: 100

Subfund: 0

Appropriation: 10250

Budget Category (1)	Actual 2002-03 (2)	Actual 2003-04 (3)	Dept Req 2004-05 (4)	CEO Rec 2004-05 (5)	BOS Adopted 2004-05 (6)
Salaries & Benefits					
1001 Employee Paid Sick Leave	4,421	662			
1002 Salaries and Wages	1,886,862	2,136,815	2,284,584	2,323,631	2,383,105
1003 Extra Help	3,086		5,000	5,000	5,000
1005 Overtime & Call Back	5,598	6,607	10,000	10,000	10,000
1006 Sick Leave Payoff	65,797	18,646			
1300 P.E.R.S.	130,349	218,692	453,467	461,116	461,116
1301 F.I.C.A.	144,877	161,067	178,137	181,124	181,124
1310 Employee Group Ins	235,900	304,363	380,237	380,091	380,091
1315 Workers Comp Insurance	37,264	45,132	75,098	75,633	75,633
Total Salaries & Benefits	2,514,154	2,891,984	3,386,523	3,436,595	3,496,069
Services & Supplies					
2051 Communications - Telephone	40,377	45,194	40,700	40,700	40,700
2274 Delivery & Freight Charges		36			
2290 Maintenance - Equipment	8,056	7,155	9,500	9,500	9,500
2291 Maintenance - Computer Equip		1,466			
2292 Maintenance - Software	4,109	7,099	6,700	6,700	6,700
2404 Maintenance Services	446				
2439 Membership/Dues	5,271	4,164	2,500	2,500	2,500
2481 PC Acquisition	9,125	31,901			30,000
2511 Printing	13,290	19,149	21,481	21,481	21,481
2522 Other Supplies	18				
2523 Office Supplies & Exp	77,233	42,703	55,000	55,000	55,000
2524 Postage	29,340	32,053	32,000	32,000	32,000
2528 Services	82				
2555 Prof/Spec Svcs - Purchased	75,617	113,681	156,000	116,850	116,850
2701 Publications & Legal Notices		291			
2709 Rents & Leases - Computer SW	10,485	11,700	12,812	12,812	12,812
2710 Rents & Leases - Equipment			10,000	10,000	10,000
2838 Special Dept Expense-1099 Repor	23,818	47			
2840 Special Dept Expense	54,169	8,242	2,235	2,235	2,235
2842 Tuition Reimbursement	47				
2844 Training	7,015	7,108	12,500	12,500	12,500
2860 Library Materials	19				
2931 Travel & Transportation	11,456	7,504	10,550	10,550	10,550
2932 Mileage	970	623			
2941 County Vehicle Mileage	56	590	800	800	800
Total Services & Supplies	370,999	340,706	372,778	333,628	363,628
Fixed Assets					
4451 Equipment					7,000
Total Fixed Assets					7,000
Charges From Departments					
5290 I/T Maintenance - Equipment	388	162			
5405 I/T Maintenance - Bldgs & Improvem	177	1,606	1,540	1,540	1,540
5523 I/T Office Supplies & Expenses	20	902			
5552 I/T - MIS Services	85		5,170	5,170	5,170
5555 I/T Prof/Special Services - Purchase	2,062				
5556 I/T - Professional Services	36				
5840 I/T Special Dept Expense		195			
5844 I/T Training	200	717			
Total Charges From Departments	2,968	3,582	6,710	6,710	6,710
Gross Budget	2,888,121	3,236,272	3,766,011	3,776,933	3,873,407

Auditor-Controller

General Fund

Fund: 100

Subfund: 0

Appropriation: 10250

Budget Category (1)	Actual 2002-03 (2)	Actual 2003-04 (3)	Dept Req 2004-05 (4)	CEO Rec 2004-05 (5)	BOS Adopted 2004-05 (6)
Less: Charges to Departments					
5001 Intrafund Transfers		(4,905)	(5,000)	(5,000)	(5,000)
5002 I/T - County General Fund	(93,867)	(121,958)	(110,000)	(110,000)	(110,000)
5011 I/T - Public Safety Fund	(1,482)	(7,200)	(4,344)		
5015 I/T - Comm Services Fund		(206)	(206)		
5022 I/T - Mental Health Fund	(18,198)				
Total Charges to Departments	(113,547)	(134,269)	(119,550)	(115,000)	(115,000)
Net Budget	2,774,574	3,102,003	3,646,461	3,661,933	3,758,407
Less: Revenues					
6850 Vehicle Code Fines	(1,810)				
6951 1915 Act Bonds Interest	(1,118)	(474)	(500)	(500)	(500)
7232 State Aid - Other			(45,000)	(35,000)	
7479 Other Govts-Trial Courts	(48,071)				
8095 SB2557-Tax Admin Fee-Distri		(46,456)	(45,000)	(45,000)	(45,000)
8096 SB2557-Tax Admin Fee-Cities		(25,533)	(25,000)	(25,000)	(25,000)
8100 Assessment/Tax Collection Fee	(623,239)	(694,646)	(745,000)	(768,000)	(768,000)
8101 Supplemental Taxes - 5%	(42,423)	(48,552)	(35,000)	(35,000)	(35,000)
8113 Account/Audit Fees	(36,440)	(38,471)	(30,000)	(30,000)	(30,000)
8194 Investment Services	(26,172)	(16,064)	(15,000)	(15,000)	(15,000)
8212 Other General Reimbursement		(14,453)	(13,600)		
8218 Forms and Photocopies	(277)	(409)			
8761 Insurance Refunds	(86)				
8954 Operating Transfers In	(36,566)		(40,000)	(80,000)	(80,000)
Total Revenues	(816,202)	(885,058)	(994,100)	(1,033,500)	(998,500)
Net County Cost	1,958,372	2,216,945	2,652,361	2,628,433	2,759,907

OFFICE OF THE AUDITOR-CONTROLLER
APPROPRIATION SUMMARY
Fiscal Year 2004-05

ADMINISTERED BY: AUDITOR-CONTROLLER

Appropriations	FY 2003-04		FY 2004-05	
	Actual	Position Allocations	BOS Approved Budget	Position Allocations
GENERAL FUND Auditor-Controller	\$ 3,102,003	44	\$ 3,758,407	44
OTHER OPERATING FUND Debt Service - Fund 190	2,023,339	0	2,055,695	0
TOTAL ALL FUNDS	\$ 5,125,342	44	\$ 5,814,102	44

Other Debt Service

Debt Service Fund

Fund: 190

Subfund: 0

Appropriation: 89360

Budget Category (1)	Actual 2002-03 (2)	Actual 2003-04 (3)	Dept Req 2004-05 (4)	CEO Rec 2004-05 (5)	BOS Adopted 2004-05 (6)
Services & Supplies					
2555 Prof/Spec Svcs - Purchased	4,386	4,558	7,000	7,000	7,000
2709 Rents & Leases - Computer SW	12,455	4,227	5,920	5,920	5,920
2840 Special Dept Expense	146				
3551 Transfer Out A-87 Costs		95			
Total Services & Supplies	16,987	8,880	12,920	12,920	12,920
Other Charges					
3810 Lease Purchase Principal	685,000	715,000	760,000	760,000	760,000
3830 Lease Purchase Interest	1,324,968	1,294,554	1,275,000	1,275,000	1,275,000
Total Other Charges	2,009,968	2,009,554	2,035,000	2,035,000	2,035,000
Charges From Departments					
5527 I/T Prof Services A-87 Costs			2,650	2,650	2,650
5550 I/T - Administration		4,905	5,125	5,125	5,125
Total Charges From Departments		4,905	7,775	7,775	7,775
Gross Budget	2,026,955	2,023,339	2,055,695	2,055,695	2,055,695
Less: Charges to Departments					
5002 I/T - County General Fund	(728,307)				
5008 I/T - County Office Bldg Fund	(138,054)				
Total Charges to Departments	(866,361)				
Net Budget	1,160,594	2,023,339	2,055,695	2,055,695	2,055,695
Less: Revenues					
6950 Interest	(132,980)	(106,257)	(115,470)	(115,470)	(115,470)
6965 Rents & Concessions	(10,000)		(11,112)	(11,112)	(11,112)
8780 Contributions from Other Funds	(1,075,555)	(1,871,576)	(1,929,113)	(1,929,113)	(1,929,113)
Total Revenues	(1,218,535)	(1,977,833)	(2,055,695)	(2,055,695)	(2,055,695)
Net County Cost	(57,941)	45,506			